

First Burnsville State Bank

RECORDATION NO. 12398
Filed 1425

August 22, 1980

NOV 10 1980-10 35 AM
INTERSTATE COMMERCE COMMISSION

0-315A031

Interstate Commerce Commission
Interstate Commerce Building
Washington, D.C. 20044

No. 1
NOV 10 1980
Date.....
Fee \$ 50.00

ICC Washington, D. C.

Re: Security Interest of First Burnsville State Bank

Ladies and Gentlemen:

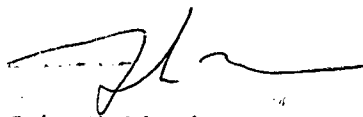
You are hereby requested to record the enclosed Security Agreement, of which there is one original and two counterparts thereof. Enclosed is a check in the amount of \$50.00 to cover your recordation fee.

Under the Security Agreement Roy E. MacDonald and Marian E. MacDonald, whose address is 12925 Eagle Ridge Drive, Burnsville, Minnesota, grants a security interest in the equipment hereinafter described in this letter to the First Burnsville State Bank, a Minnesota corporation, whose address is 301 West Burnsville Parkway, Burnsville, Minnesota.

The Security Agreement relates to the railway equipment consisting of 4700 Cubic foot capacity, 100 ton Covered Hopper Car, ICC Road Numbers PLMX 12368.

When recorded, the document should be returned to: First Burnsville State Bank
301 West Burnsville Parkway
Burnsville, Minnesota 55337

Very Truly Yours,,



John McGinnis
Assistant Vice President

Enclosure

JM:sl

NOV 10 10 26 PM '80
I.C.C.
FEE OPERATION BR.

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

John McGinnis, Asst. V.P.
First Burnsville State Bank
301 West Burnsville Parkway
Burnsville, Minnesota 55337

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/10/80 at 10:35AM, and assigned re-recording number(s). 12398

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

NOV 10 1980 - 10 35 AM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT is made and dated this 22nd day of August, 1980, by and between First Burnsville State Bank, a Minnesota banking corporation ("Secured Party") and Roy E. MacDonald and Marian E. MacDonald, ("Debtors").

RECITALS

A. As security for the payment and performance of its obligations to Secured Party under this Security Agreement, it is the intent of Debtors to grant to Secured Party and to create a security interest in certain property of Debtors, as hereinafter provided.

B. This Security Agreement is entered into as security for the indebtedness of Debtors to Secured Party as evidenced by a promissory note of even date herewith in the principle amount of \$20,000.00 (the "Note").

AGREEMENT

NOW THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtors hereby agree as follows:

1. Grant of Security Interest. Debtors hereby grant to Secured Party a security interest in the property described in Paragraph 2 below (collectively and severally, the "Collateral") to secure payment and performance of the obligations of Debtors to Secured Party described in Paragraph 3 below (collectively and severally, the "Obligations").

2. Collateral. The Collateral shall consist of the following: 4700 Cu. ft. capacity, 100 ton covered Hopper Car ICC Road Numbers PLMX 12368.

A. Equipment - one (1) rail car, as more particularly described on Exhibit A attached hereto, any and all additions or accessions thereto, any substitutions therefor and any proceeds thereof (the "Equipment").

B. All accounts, contract rights, instruments, and other rights of Debtors with respect to the Equipment, including but not limited to, any and all leases of the Equipment; the Management Agreement dated October 8, 1980 with respect to the Equipment between Debtors and PLM Railcar Management, Inc., a California corporation ("Management Agreement"); any and all rents and other monies which are now or may hereafter be payable to Debtors on account of the Equipment and such agreements; and any and all quarantees, endorsements, warranties, indemnity agreements, maintenance agreements, insurance policies, or other agreements pertaining to such agreements or the Equipment, and any and all monies due or to become due and payable under the foregoing. As used herein, the term "account" shall have the same meaning as set forth in the Minnesota Commercial Code.

C. All proceeds of the foregoing Collateral. For purposes of this Security Agreement, the term "Proceeds" includes whatever is receivable or received when Collateral or proceeds is sold, collected,

exchanged or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes, without limitation, all rights to payment, including return premiums, with respect to any insurance relating thereto, and all rights to payment with respect to any cause of action affecting or relating to the Collateral.

3. Obligations. The Obligations of Debtor secured by this Security Agreement shall consist of any and all debts, obligations and liabilities of Debtor to Secured Party rising out of, connected with or related to the Agreement, including, without limitation, the Note and all amendments or extensions or renewals of the Note, and/or this Security Agreement, whether now existing or hereafter arising, voluntary or involuntary, whether or not jointly owed with others, direct or indirect, absolute or contingent, liquidated or unliquidated, and whether or not from time to time decreased or extinguished and later increased, created or incurred.

4. Representations and Warranties. Debtors hereby represent and warrant that:

(a) except as contemplated in the Management Agreement, Debtors are the owners of the Collateral (or, in the case of after-acquired Collateral, at the time Debtors acquire rights in the Collateral, will be the owners thereof) and that no other person, entity, agency or government has (or, in the case of after-acquired Collateral, at the time Debtors acquire rights therein, will have) any right, title, claim or interest (by way of security interest or other lien or charge or otherwise) in, against or to the Collateral;

(b) all information heretofore, herein or hereafter supplied to Secured Party by or on behalf of Debtors with respect to the Collateral is true and correct; and

(c) Debtors have the authority to enter into this Security Agreement and to be obligated under the terms of the Note, and any person signing this Security Agreement and/or Note has been duly authorized to sign the same.

5. Covenants of Debtors. In addition to all covenants and agreements of Debtors set forth in the Agreement, which are incorporated herein by this reference, Debtors hereby agree:

(a) to do all acts that may be necessary to maintain, preserve and protect the Collateral;

(b) not to use or permit any Collateral to be used unlawfully or in violation of any provision of this Security Agreement, or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral;

(c) to pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral;

(d) to notify Secured Party promptly of any change in Debtors' name or place of business, or, if Debtors have more than one place of business, its head office, or office in which Debtors' records relating to the Collateral are kept;

(e) to procure, execute and deliver from time to time any endorsements, assignments, financing statements and other writings deemed necessary or appropriate by Secured Party to perfect, maintain and protect its security interest hereunder and the priority thereof and to deliver promptly to Secured Party all originals of Collateral or proceeds consisting of chattel paper or instruments;

(f) to appear in and defend any action or proceeding which may affect its title to or Secured Party's interest in the Collateral;

(g) if Secured Party gives value to enable Debtors to acquire rights in or the use of any Collateral, to use such value for such purpose;

(h) to keep separate, accurate and complete records of the Collateral and to provide Secured Party with such records and such other reports and information relating to the Collateral as Secured Party may request from time to time;

(i) except as contemplated by the Management Agreement, not to surrender or lose possession of (other than to Secured Party), sell, encumber, lease, rent, or otherwise dispose of or transfer any Collateral or right or interest therein and to keep the Collateral free of all levies and security interests or other liens or charges except those approved in writing by Secured Party;

(j) to keep the Collateral in good condition and repair;

(k) not to cause or permit any waste or unusual or unreasonable depreciation of the Collateral;

(l) at any reasonable time and subject to the rights of any lessees of the Collateral, upon demand by Secured Party, to exhibit to and allow inspection by Secured Party (or persons designated by Secured Party) of the Collateral;

(m) to comply with all laws, regulations and ordinances relating to the possession, operation, maintenance and control of the Collateral;

(n) to keep and operate the Collateral solely within the continental limits of the United States;

(o) to place upon the Collateral appropriate identifying marks to indicate Debtors are owner and Secured Party is financier of the Collateral, if the Lessee of such Collateral requires its own markings on the Collateral;

(p) to insure the Collateral, with Secured Party named as loss payee, in form and amounts, with companies, and against risks and liabilities satisfactory to Secured Party, and Debtors hereby assign the policies to Secured Party, agree to deliver them to Secured Party at its request, and agree that Secured Party may make any claim thereunder, cancel the insurance on default by Debtors, collect and receive payment of and endorse any instrument in payment of loss or return premium or other refund or return, and apply such amounts received, at Secured Party's election, to replacement of Collateral; and

(q) without consent of the Secured Party, to permit any amendment, modification, termination, or assignment of the Management Agreement.

6. Authorized Action by Secured Party. Debtors hereby irrevocably appoint Secured Party as its attorney-in-fact to do (but Secured Party shall not be obligated to and shall incur no liability to Debtors or any third party for failure so to do) any act which Debtors are obligated by this Security Agreement to do, and to exercise such rights and powers as Debtors might exercise with respect to the Collateral, including, without limitation, the right to:

(a) collect by legal proceedings or otherwise and endorse, receive and receipt for all dividends, interest, payments, proceeds and other sums and property now or hereafter payable on or on account of the Collateral;

(b) enter into any extension, reorganization, deposit, merger, consolidation or other agreement pertaining to, or deposit, surrender, accept, hold or apply other property in exchange for the Collateral;

(c) insure, process and preserve the Collateral;

(d) transfer the Collateral to its own or its nominee's name; and First Burnsville State Bank

(e) make any compromise or settlement, and take any action it deems advisable, with respect to the Collateral. Debtors agree to

reimburse Secured Party upon demand for any costs and expenses, including, without limitation, attorneys' fees, Secured Party may incur while acting as Debtors' attorney-in-fact hereunder, all of which costs and expenses are included in the Obligations secured hereby. It is further agreed and understood between the parties hereto that such care as Secured Party gives to the safekeeping of its own property of like kind shall constitute reasonable care of the Collateral when in Secured Party's possession; provided, however, that Secured Party shall not be required to make any presentment, demand or protest, or give any notice and need not take any action to preserve any rights against any prior party or any other person in connection with the Obligations or with respect to the Collateral.

7. Events of Default. Upon occurrence of any of the following (herein referred to as "Event of Default"), the entire principal amount outstanding of the indebtedness described in Paragraph 3 hereof and accrued interest thereon shall at once become due and payable at the option of the Secured Party:

- (a) Debtors default in the payment of any installment of the principle of or interest on the Note as and when due and payable;
- (b) Debtors fail to observe and perform each and every condition, covenant and obligation stated in this Security Agreement or the Obligation secured hereby which is to be observed or performed by it;
- (c) Debtors shall (1) apply for or consent to the appointment of a receiver, trustee or liquidator for any of the property or assets of Debtors, (2) admit in writing the inability to pay any debts as they mature, (3) make a general assignment for the benefit of creditors, (4) be adjudicated a bankrupt or insolvent, or (5) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against Debtors in any proceeding under any such law;
- (d) A court proceeding shall be initiated involving the Collateral or involving any transaction which would affect the ownership or possession of the Collateral;
- (e) An involuntary petition shall be filed under any bankruptcy statute against Debtors, or a receiver or trustee shall be appointed to take possession of the properties of Debtors or possession of the Equipment or other Collateral described in this Security Agreement, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of filing or appointment;
- (f) Final judgment for the payment of money in excess of \$5,000 shall be rendered against Debtor and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed;
- (g) Failure of Debtor to pay any tax, assessment, fine, imposition or other charge or claim, including, without limitation, claims of any contractor, subcontractor, laborer, materialman or supplier, which if unpaid, might become a lien or a charge upon the Collateral described in this Security Agreement;
- (h) Failure of Debtors to observe each and every agreement to be observed by Debtors under the Management Agreement; or
- (i) Termination of the Management Agreement; or
- (j) Default under any other agreement, note or obligation of Debtors, which Debtors have with the Secured Party, or any other financial institution.

8. Remedies of Secured Party. Upon the occurrence of any such

Event of Default, Secured Party may, at its option, in addition to its rights under Paragraph 9 above, and without notice to or demand on Debtors and in addition to all rights and remedies otherwise available to Secured Party, do any one or more of the following:

(a) foreclose or otherwise enforce Secured Party's security interest in any manner permitted by law, or provided for in this Security Agreement;

(b) sell, lease or otherwise dispose of any Collateral at one or more public or private sales, whether or not such Collateral is present at the place of sale, for cash or credit or future delivery, on such terms and in such manner as Creditor may determine;

(c) recover from Debtor all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred or paid by Secured Party in exercising any right, power or remedy provided by this Security Agreement or by law;

(d) require Debtors to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party;

(e) enter onto property where any Collateral is located and take possession thereof with or without judicial process; and

(f) prior to the disposition of the Collateral, store, process, repair or recondition it or otherwise prepare it for disposition in any manner and to the extent Secured Party deems appropriate and in connection with such preparation and disposition, without charge, use any trademark, trade-name, copyright, patent or technical process used by Debtors.

9. Priority of Security Agreement. The Management Agreement and PLM Railcar Management, Inc.'s authority and rights thereunder, and all leases pertaining to the Collateral are subject and subordinate to Secured Party's security interest in the Collateral, provided, however, Secured Party agrees that (i) so long as PLM Railcar Management, Inc. is not in default under the terms of the Management Agreement, Secured Party will recognize the Management Agreement and PLM Railcar Management, Inc.'s rights thereunder, including the right to collect Gross Revenues as defined therein; and (ii) so long as any lessee of the Collateral is not in default under the terms of its lease with the Debtors, Secured Party will recognize such lease and shall abide by its terms. Secured Party's obligations pursuant to this paragraph are subject to the attornment of said lessee and/or PLM Railcar Management, Inc., as the case may be, to the Secured Party, its successors and assigns. The terms of this paragraph shall be reflected accordingly in all leases pertaining to the Collateral and in the Management Agreement.

10. Waiver of Hearing. Debtors expressly waive any constitutional or other right to a judicial hearing prior to the time Secured Party takes possession or disposes of the Collateral upon default as provided in Paragraphs 7 and 8 hereof.

11. Cumulative Rights. The rights, powers and remedies of Secured Party under this Security Agreement shall be in addition to all rights, powers and remedies given to Secured Party by virtue of any statute or rule of law, the Agreement or any other agreement, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing Secured Party's security interest in the Collateral.

12. Waiver. Any forbearance or failure to delay by Secured Party in exercising any right, power or remedy shall not preclude the further exercise thereof, and every right, power or remedy of Secured Party shall continue in full force and effect until such right, power or remedy is specifically waived in a writing executed by Secured Party. Debtor waives

any right to require Secured Party to proceed against any person or to exhaust any Collateral or to pursue any remedy in Secured Party's power.

13. Setoff. Debtors agree that Secured Party may exercise its rights of setoff with respect to the Obligations in the same manner as if the Obligations were unsecured.

14. Binding Upon Successors. All rights of Secured Party under this Security Agreement shall inure to the benefit of its successors and assigns, and all obligations of Debtors shall bind its heirs, executors, administrators, successors and assigns.

15. Entire Agreement; Severability. This Security Agreement contains the entire security agreement between Secured Party and Debtors. If any of the provisions of this Security Agreement shall be held invalid or unenforceable, this Security Agreement shall be construed as if not containing those provisions and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

16. References. The singular includes the plural. If more than one executes this Security Agreement, the term Debtor shall be deemed to refer to each of the undersigned as well as to all of them, and their obligations and agreements hereunder shall be joint and several. If any of the undersigned is a married person, recourse may be had against his or her separate property for the Obligations.

17. Choice of Law. This Security Agreement shall be construed in accordance with and governed by the laws of the State of Minnesota, and, where applicable and except as otherwise defined herein, terms used herein shall have the meanings given them in the Minnesota Uniform Commercial Code.

18. Notice. Any written notice, consent or other communication provided for in this Security Agreement shall be delivered or sent by registered U.S. mail, with postage prepaid, to the following addresses:

Secured Party: First Burnsville State Bank
301 West Burnsville Parkway
Burnsville, Minnesota 55337

Debtors: Roy E. MacDonald
Marian E. MacDonald
12925 Eagle Ridge Drive
Burnsville Minnesota 55337

Such addresses may be changed by written notice given as provided herein.

EXECUTED this 14 day of July, 19 80.

Marian E. MacDonald
Debtor

Roy E. MacDonald
Debtor

First Burnsville State Bank

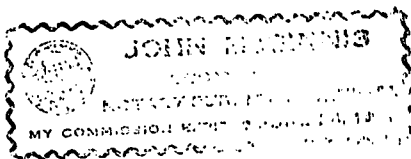
By: [Signature]

Title

Secured Party

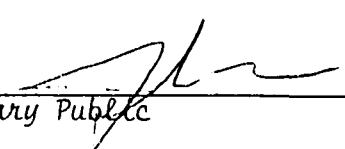
STATE OF *Minnesota*)
COUNTY OF *Scott*) SS:

On this 22nd day of August, 1980, before me personally appeared Roy E. MacDonald and Marian E. MacDonald, to me known to be the persons described in and who executed the foregoing instruments and they acknowledged that they executed the same as their free act and deed.



My commission expires: .

6/24/84

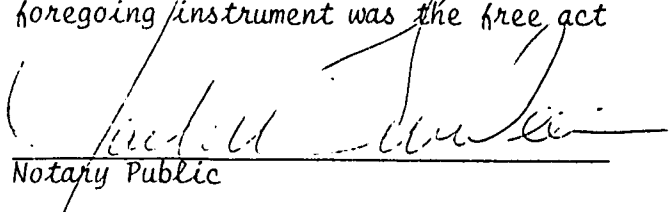


Notary Public

STATE OF
COUNTY OF

)
)SS
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On this 22nd day of August, 1980, before me personally appeared John McGinnis, to me personally known, who being by me duly sworn, says that he is the Assistant Vice President of First Burnsville State Bank, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Notary Public

My commission expires:

~~~~~  
JOHN L. LUNDEEN  
NOTARY PUBLIC  
MINNESOTA  
DAWOTA COUNTY  
COMMISSION EXPIRES OCT 10, 1987  
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EXHIBIT A

4700 Cu. ft. capacity 100 ton (one).
Covered Hopper Car
ICC Road Numbers PLMX 12368